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August 1, 2012

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

RE: Request for Approval of Merger-Related Riders: Merger Fuel Savings Rider MFS and Merger Capacity Mitigation Rider MCM for Duke Energy Carolinas, LLC
PSCSC Docket No. 2011-158-E

Dear Mrs. Boyd:

Pursuant to the Commission's order dated July 2, 2012 in the above referenced Docket, Duke Energy Carolinas, LLC ("DEC") submits for approval Merger Fuel Savings Rider MFS (SC) and Merger Capacity Mitigation Rider MCM (SC). These Riders will reduce rates paid by South Carolina retail customers to reflect benefits achieved with the merger of Progress Energy, Inc. and Duke Energy Corporation. A copy of Merger Fuel Savings Rider MFS (SC) and Merger Capacity Mitigation Rider MCM (SC) are attached as Exhibit Nos. 1 and 2, respectively, for Commission approval.

Merger Fuel Savings Rider MFS (SC) establishes a decremental rate that will be effective for bills rendered on and after September 1, 2012 through September 30, 2013. Rider MFS reflects projected fuel and fuel-related savings expected to be achieved in the period September 1, 2012 through September 30, 2013. The derivation of the decremental rate is provided in Exhibit No. 3. Jane McManeus, Managing Director, Rates, Duke Energy Carolinas has executed and attached a Verification supporting the rate calculation.

Merger Capacity Mitigation Rider MCM (SC) establishes a decremental rider that will be effective for a thirty-five (35) month period for bills rendered on and after September 1, 2012 through July 31, 2015. The Rider results from market power mitigation interim wholesale sales and is calculated based upon the revenue requirement of generating facilities expected to be on the margin during the months and hours between July 1, 2012 and May 31, 2015. The derivation of the decremental rate is provided in Exhibit No. 4 to this letter. The Rider establishes a decremental rate that will be uniformly applied to all South Carolina retail sales and will not be

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
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subject to change during the thirty-five (35) month period. Carol Shrum, Director, Rates and Regulatory Strategy, Carolinas, of Duke Energy Carolinas, has executed and attached a Verification supporting the calculation.

Sincerely,

A handwritten signature in blue ink, reading "Timika Shafeek-Horton". The signature is written in a cursive, flowing style.

Timika Shafeek-Horton

Enclosures

STATE OF NORTH CAROLINA

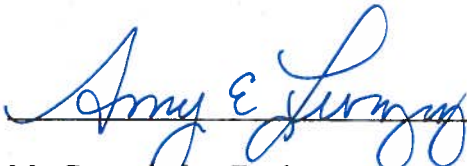
COUNTY OF MECKLENBURG

VERIFICATION

PERSONALLY APPEARED before me, Jane L. McManeus who, after first being duly sworn, said that she is Managing Director, Rates of Duke Energy Carolinas, LLC and as such is authorized to make this verification; that she has read the foregoing request for approval of the Merger Fuel Savings Rider and supporting rate derivation and knows the content thereof; and that the same are true and correct to the best of her knowledge, information and belief.


Jane L. McManeus

Sworn to and subscribed before me,
This the 31st day of July 2012.


My Commission Expires:

11/16/2012



STATE OF NORTH CAROLINA

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VERIFICATION

COUNTY OF MECKLENBURG

PERSONALLY APPEARED before me, Carol Shrum who, after first being duly sworn, said that she is Director, Rates and Regulatory Strategy, Carolinas, of Duke Energy Carolinas, LLC and as such is authorized to make this verification; that she has read the foregoing request for approval of the Merger Capacity Mitigation Rider and supporting rate derivation and knows the content thereof; and that the same are true and correct to the best of her knowledge, information and belief.

Carol Shrum

Carol Shrum

Sworn to and subscribed before me,
This the 31st day of July 2012.

Amy E. Luning

My Commission Expires:

11/16/2012

